

**BOREALIS EXPLORATION
LIMITED**
Financial Statement
for the quarter ended 30 June 2002

BOREALIS EXPLORATION LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the quarter ended 30 June 2002

	June 2002	June 2001
	\$	\$
Expenditure	(709,658)	(722,670)
Operating loss	<u>(709,658)</u>	<u>(722,670)</u>
Financing Costs		
Interest	(3,348)	(1,988)
Loss on ordinary activities before taxation	<u>(713,006)</u>	<u>(724,658)</u>
Taxation	—	—
Loss on ordinary activities after taxation	<u>(713,006)</u>	<u>(724,658)</u>
Gain on decrease in stake in subsidiaries	132,444	110,782
Equity Minority interest	(113,509)	(69,143)
(Loss) / profit for the financial year	<u><u>\$ (694,071)</u></u>	<u><u>\$ (683,019)</u></u>
(Loss) / earnings per ordinary share	\$ (0.14)	\$ (0.14)

BOREALIS EXPLORATION LIMITED

CONSOLIDATED BALANCE SHEET as at 30 June 2002

	June 2002 US\$	June 2001 US\$
Fixed Assets		
Intangible assets	324,362	312,804
Tangible assets	18,397	25,750
Investments	---	138,000
Investments – mining properties	4,708,435	4,637,671
	<u>5,051,194</u>	<u>5,114,225</u>
Current assets		
Cash at bank and in hand	14,788	--
	<u>14,788</u>	<u>--</u>
Creditors: amounts falling due within one year	1,461,462	1,585,039
	<u>(1,461,462)</u>	<u>(1,585,039)</u>
Net current liabilities		
	3,604,520	3,529,186
Total assets less current liabilities		
	2,200,000	1,960,000
Creditors: amounts falling due after more than one year		
Net Assets	<u>\$ 1,404,520</u>	<u>\$ 1,569,186</u>
Capital and Reserves		
Called up Share Capital	49,826	49,826
Share Premium account	24,241,153	24,241,153
Profit and loss account	(25,135,075)	(24,127,893)
	<u>(844,096)</u>	<u>163,086</u>
Total shareholders' funds		
Minority interests - equity	2,248,616	1,406,098
	<u>\$ 1,404,520</u>	<u>\$ 1,569,186</u>
	<u><u>\$ 1,404,520</u></u>	<u><u>\$ 1,569,186</u></u>

BOREALIS EXPLORATION LIMITED

COMPANY BALANCE SHEET as at 30 June 2002

	June 2002 \$	June 2001 \$
Fixed Assets		
Intangible assets	324,362	312,804
Tangible assets	18,397	25,750
Investments	--	138,000
	<u>342,759</u>	<u>476,554</u>
Investments in subsidiary undertakings	580	580
	<u>343,339</u>	<u>477,134</u>
Current assets		
Cash at bank and in hand	14,788	--
Debtors	52,000	52,000
	<u>66,788</u>	<u>52,000</u>
Creditors: amounts falling due within one year	(8,628,178)	(5,424,129)
Net current liabilities	<u>(8,561,390)</u>	<u>(5,372,129)</u>
Total assets less current liabilities	(8,218,051)	(4,894,995)
Creditors: amounts falling due after more than one year	2,200,000	1,960,000
Total net liabilities	<u>\$ (10,418,051)</u>	<u>\$ (6,854,995)</u>
Deficiency in assets		
Called up Share Capital	18,19 49,826	49,826
Share Premium account	18,19 24,241,153	24,241,153
Profit and loss account	19 (34,709,030)	(31,145,975)
Total deficit in shareholders funds	<u>\$ (10,418,051)</u>	<u>\$ (6,854,995)</u>

BOREALIS EXPLORATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT for the quarter ended 30 June 2002

	June 2002 \$	June 2001 \$
Net cash outflow from operating activities	(125,999)	(98,742)
Returns on investments and servicing of finance		
Interest paid	(3,348)	(1,988)
Net cash outflow from returns on investments and servicing of finance	(3,348)	(1,988)
Capital expenditure and financial investment		
Patent additions	5,621	5,159
Purchase of tangible fixed assets	--	--
Purchase of fixed asset investment	--	--
Lease costs of mining properties	--	--
Net cash outflow from capital expenditure and financial investment	5,621	5,159
Acquisitions and disposals		
Cash received for issuance of shares by subsidiaries	132,444	110,782
Compensation for services provided by deposits	--	--
Net cash inflow from disposals	132,444	110,782
Net cash outflow before financing	(5,374)	4,893
Financing		
Proceeds raised from sale of shares advanced by directors	--	--
Net cash inflow from financing	--	--
Increase/Decrease in cash	\$ (5,374)	\$ 4,893

BOREALIS EXPLORATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT (Continued) for the quarter ended 30 June 2002

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	June 2002	June 2001
	\$	\$
Operating loss	(709,608)	(722,670)
Depreciation of tangible fixed assets	1,905	1,316
Amortisation of patents	2,850	2,359
(Decrease)/Increase in trade creditors	578,854	620,253
Net cash outflow from operating activities	<u><u>\$ (125,999)</u></u>	<u><u>\$ (98,742)</u></u>

MOVEMENT IN CASH AND ANALYSIS OF CASH BALANCES

Movement in net cash	June 2002	June 2001
	\$	\$
At 1 April	20,162	(14,245)
Decrease in cash in the quarter	(5,374)	4,893
At 30 June	<u><u>\$ 14,788</u></u>	<u><u>\$ (9,352)</u></u>

Analysis of cash balances	June 2002	June 2001
	\$	\$
Cash at bank	14,788	-
Bank overdrafts	-	(9,352)
Net cash at 30 June	<u><u>\$ 14,788</u></u>	<u><u>\$ (9,352)</u></u>